

## **Section 1115 Waiver Research and Demonstration Project Proposal for a Virginia Medicaid Buy-In Program**

### **I. General**

#### **A. Describe the State's project, design, and target population. Included in this is the requested demonstration authority and/or waivers that the State will need for the program.**

On behalf of the Commonwealth of Virginia, the Department of Medical Assistance Services (DMAS) is seeking authorization from the Centers for Medicare and Medicaid Services (CMS) under Section 1115 of the Social Security Act to enable DMAS to initiate a waiver research and demonstration project. This request is to waive Sections 1902(a)(1), 1902(a)(10)(B) and any other section of the Social Security Act necessary to implement the proposed waiver.

The proposed project is to conduct research on factors that influence decisions on employment by individuals with disabilities through the design of a Medicaid Buy-In (MBI) program. This work incentive program will eliminate barriers to competitive employment for individuals with disabilities by enabling them to become employed or increase earnings without fear of losing needed health care coverage. Significantly higher income and resource levels than currently exist in Virginia's Medicaid plan will provide opportunity for individuals to increase their standard of living and gain greater independence. The project will seek to demonstrate how the use of program eligibility parameters and a comprehensive employment supports system can positively impact the outcomes of program participants. The waiver will allow Virginia to evaluate quantitative factors such as a minimum employment threshold and earnings goals (tiers) for individuals with low incomes as well as the use of a safety-net. The proposal includes limiting the number of enrollees, which will thereby allow a proactive one-on-one approach to obtaining qualitative information and to ascertaining the best means to assist the individual in achieving employment goals. A hypothesis also to be examined is whether gainful employment can lead to improvement in physical and/or mental health and though not a new concept, the project is expected to shed light on this supposition. A more detailed description of the research and demonstration components of the proposed project is included further on in this document following an explanation on the background leading up to this proposal.

The Commonwealth of Virginia has been interested in a Medicaid Buy-In plan for a number of years. In 2001, DMAS helped form a Medicaid Buy-In Work Group<sup>1</sup> to study the feasibility of seeking and implementing a Buy-In plan in Virginia. This Work Group recommended that DMAS apply for a Medicaid Infrastructure Grant (MIG), which DMAS was awarded in 2001. Effective January 1, 2002, the Virginia Department of

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<sup>1</sup> The Medicaid Buy-In Work Group was composed of representatives from several State agencies, advocacy groups and other stakeholders in the disability community.

Medical Assistance Services received its Medicaid Infrastructure Grant and was subsequently directed by the Virginia legislature to develop a Medicaid Buy-In program. The 2002 Virginia General Assembly instructed DMAS to research MBI program structure and to report on potential program participants and cost components to Virginia's Disability Commission<sup>2</sup> by November 30, 2002. This work was undertaken in collaboration with the Virginia Department of Rehabilitative Services (DRS) and the Virginia Office for Protection and Advocacy (VOPA). These efforts included creating an MIG Advisory Committee that is broadly representative of the disability community and provides input on all aspects of Buy-In development. A consumer "listening tour" and surveys were conducted to obtain information directly from individuals with disabilities who might participate in a Medicaid Buy-In as well as other stakeholders. A highly successful employer forum was held to communicate how a MBI could benefit Virginia employers and also sought input from the business community in addressing their needs. Presented as an economic and workforce opportunity, the forum demonstrated that employers from around the State are supportive of the MBI concept and interested in the long-term employment of individuals with disabilities.

The results of the aforementioned research and outreach were compiled and presented to the Disability Commission on November 30, 2002. The report demonstrated that Virginians with disabilities want a Medicaid Buy-In so they can increase their employment and earnings potential. However, the report also cited examples of current MBI programs in other states that caused concern to Disability Commission members. The report relied in part on documentation<sup>3</sup> of the experiences of early implementation states which illustrated that it is difficult to accurately predict enrollment and costs. The states of South Carolina, Minnesota, and Iowa, for example, had very different results after initial implementation of their Medicaid Buy-In programs, but they each reveal the difficulty in accurately forecasting participation and costs. The Disability Commission members were concerned that there were underutilized programs as well as over-utilized programs, some of which were much more costly than the original forecast. These experiences impressed upon the Disability Commission the need for more accurate tools to forecast participation in a Virginia Medicaid Buy-In program. Thus, the Disability Commission decided that a Section 1115 waiver would be an effective method to collect more accurate forecast data specific to Virginia on likely participation demographics, costs/benefits to the state and participants, needed employment supports, fair resource and income allowances, and an efficient MBI program. Based on the research presented, the primary program design elements (income, resources, cost share) for the waiver were established by the Disability Commission.

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<sup>2</sup> The Virginia Disability Commission is a legislative body formed to identify legislative priorities for the General Assembly in order to provide ongoing support in developing and reviewing services and funding related to Virginians with disabilities. The Commission is the primary forum where the needs and issues of people with disabilities can be addressed through cooperation of the legislature, the Lieutenant Governor, Governor appointees, and the agencies of the Executive branch.

<sup>3</sup> Allen Jensen, George Washington University, Center for Health Services Research and Policy  
<http://disability.law.uiowa.edu/lhpdc/rrtc/documents/jensen/EstimatingFiscalImpact.doc>

During the 2003 Session of the General Assembly, legislators serving on the Disability Commission submitted legislation directing DMAS to seek federal authorization for a Section 1115 waiver to allow for a limited MBI program. The intent of the waiver is to permit the State to control costs while developing infrastructure and a program model from which to gain experience. The waiver would allow DMAS to build MBI infrastructure and limit state expenditures because the waiver would cap participation at 200 individuals with disabilities. With this legislative direction, MIG staff worked with the Grant Advisory Committee to develop MBI program parameters that would provide access to Medicaid services to Virginians with disabilities and accumulate data to forecast the cost and effectiveness of a fully implemented statewide plan.

Virginia's employment incentive waiver project for individuals with disabilities will be limited to 200 individuals who live and work in a defined geographic area such as Northern Virginia. Eligible participants will have a disability that satisfies the Social Security definition of disability<sup>4</sup>. The project will allow an individual to have resources up to \$7,500 and total countable income (earned and unearned) of up to 175% of the Federal Poverty Level. Countable income will be based on existing SSI methodology, as is used in Medicaid determinations for individuals with disabilities. Participation in the project will be given to all individuals that qualify until 200 working individuals with disabilities enroll in the program. If individuals cease participation in the program, the vacant slots will be available for new applicants. These participants will have to continue to be competitively employed and pay a monthly premium to maintain participation in the project. The incentive for participation is the ability to maintain/or gain access to Medicaid and to increase their earnings and savings through increased employment.

Upon approval of the waiver proposal, DMAS will begin providing MBI project information in 2004 to various public and private entities to publicize the project and begin providing enrollment information to potential participants and employers. The MIG Advisory Committee's Communication and Education Subcommittee has done considerable work in this regard and will provide significant input in this effort. Enrollment in the project will occur at local Virginia Department of Social Services (DSS) offices, where eligibility determinations are currently done for the Virginia Medicaid program. The DSS will also be responsible for determining if individuals continue to remain eligible to participate in the project and recalculate the monthly buy-in premium as earnings increase. DMAS will provide training and reference materials to DSS so enrollment in the project can begin on the anticipated start date.

In addition to providing DSS with enrollment and project information, DMAS will provide project information to advocacy organizations, disability service providers, other State agencies that work with individuals with disabilities, and employers. This information will tell potential enrollees and employers about the project and the opportunity for enrollees to increase employment and maintain access to Medicaid. Early publicity will be instrumental to quickly enrolling 200 Virginians with disabilities on the

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<sup>4</sup> SSA Red Book webpage definition:  
<http://www.ssa.gov/work/ResourcesToolkit/redbook.html#definedisability>

anticipated start date of July 1, 2004. Upon submission of a MBI application, DSS will provide each potential enrollee with a DMAS fact sheet about the program and an agreement that enrollees participate in an initial enrollment interview and successive interviews every six months as part of the research and demonstration project. All potential participants will be required to acknowledge and sign the form that they agree to participate in the interviews before they will be enrolled in the program. These interviews will gather specific details about each participant and DMAS will guarantee complete confidentiality of this information. No identifying information will be included in interview results and interviews will be conducted by either qualified State agency staff or contracted staff through a State university or consulting company. Each interview will follow a structured approach and will answer specific, pre-determined questions that ask about employment, health and medical services utilization, the need and use of comprehensive employment supports, and earnings.

While the waiver will study what factors influence individuals with disabilities to increase employment, DMAS also recognizes that many potential participants have worked hard to gain access to government benefits. Many of these individuals rely on SSI and SSDI benefits and are extremely reluctant to risk losing these benefits. The potential exists for an individual to experience a net income loss as a result of work, whereby the unearned income loss and/or reduction in benefits could be greater than the actual earnings. This loss could be a detriment to the MBI participant, adversely affect their housing, health, and the employment that they sought to increase earnings. In order to try to avoid any unforeseen circumstances on the part of MBI participants, all persons entering the program will be strongly encouraged at their initial interview to meet with the local Benefits Planning, Assistance, and Outreach Program (BPAO)<sup>5</sup> or other trained disability service personnel for assistance with benefits planning and to evaluate the impact of work. A visit with the local One Stop<sup>6</sup> staff may also be advisable so they have the knowledge necessary to help determine how best to advance their employment potential. During the pre-implementation outreach and educational efforts, this information will be communicated to potential applicants. In this regard, it is important to note that DRS obtained a DOL grant funding a Virginia customization of WorkWORLD<sup>7</sup> (benefit planning decision support technology designed by VCU). This software program will be readily accessible to professionals and consumers as an aid for individuals with disabilities in decision-making about employment. Benefits specialists and WorkWORLD will be available to assist participants chart a plan for employment and increased earnings by showing individuals the cash benefit and the trade-off in services that the participant may experience as earnings increase. Benefits planning services will be available through the comprehensive employment supports offered to all

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<sup>5</sup> TWWIIA directed the Social Security Administration (SSA) to establish a community-based benefits planning and assistance program designed to provide accurate information on work incentives to beneficiaries. For more information, please see: <http://www.dmas.state.va.us/mb-consumers.htm>

<sup>6</sup> In line with the Department of Labor's vision for America's Labor Market Information System, the CareerOneStop portal, operating as a federal-state partnership, is funded by grants to states. CareerOneStop, along with the National Toll-Free Helpline (1-877-US-2JOBS) and the local One-Stop Career Centers in each state, combine to provide a wide range of workforce assistance and resources. For more information, please see: <http://www.careeronestop.org>

<sup>7</sup> For more information, please refer to: <http://www.workworld.org>

participants to further informed choice and allow the individual to increase earnings, rely less on SSI and SSDI benefits, and gain more independence.

**B. Describe what is going to be innovative and unique to the proposed demonstration.**

The proposed project will have a maximum unearned income limit of 80% of the Federal Poverty Level (FPL), equal to \$599 in 2003. This income requirement will direct the MBI opportunity to people who have the smallest cash benefits from the government and, thus, may have the greatest need for employment. Because of their low cash benefit, these individuals may also have more motivation to increase earnings than those individuals with disabilities who have higher unearned income. Given the predetermined limit of only 200 waiver slots, it is sensible to focus on those persons with the greater need. Budget impact is also a consideration with the neutrality requirement for a Section 1115 waiver and the 80% FPL requirement means that these individuals are more likely to already be on Medicaid since Virginia has an Aged, Blind and Disabled covered group with a maximum income limit of 80% FPL.

In the course of MBI development, States have wrestled with the inability to define what constitutes employment with meaningful eligibility parameters such as a minimum level of work (hours/dollars) in a competitive environment that will demonstrate substantive effort toward achieving full employment (to the extent possible). A number of States found that many MBI participants work only a token amount to qualify for the program in order to gain access to the State Medicaid program, usually at little or no cost to the participant. In large part, this is a result of States only being able to establish weak work requirements,<sup>8</sup> such as:

- “Employed”
- “Gainfully employed”
- “Must have taxable income”
- “Must make FICA contributions
- “Paid for work and paying FICA taxes”
- “Employed on a regular and continuing basis”

Virginia’s 1115 waiver proposal allows individuals to enter the program with a relatively low level of earnings by establishing a minimum, monthly earned income requirement equivalent to the sum of the SSI exclusions which is the \$20 general exclusion plus the \$65 earned income exclusion used in determining countable income. In Virginia, this SSI methodology is utilized by caseworkers in determining Medicaid eligibility for individuals with disabilities. This determination and other eligibility features and processes that parallel the existing Medicaid protocol will simplify staff training and program education for the disability community.

The proposed minimum monthly earnings level of \$85 (2003) will enable individuals who are just starting to work, who need to start “small” or who can only find a minimal level of employment at the time, to join the MBI program. This earnings level applies to

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<sup>8</sup> “Variables Impacting Participation In a State’s Medicaid Buy-In Program,” Allen Jensen, Draft July 24, 2003

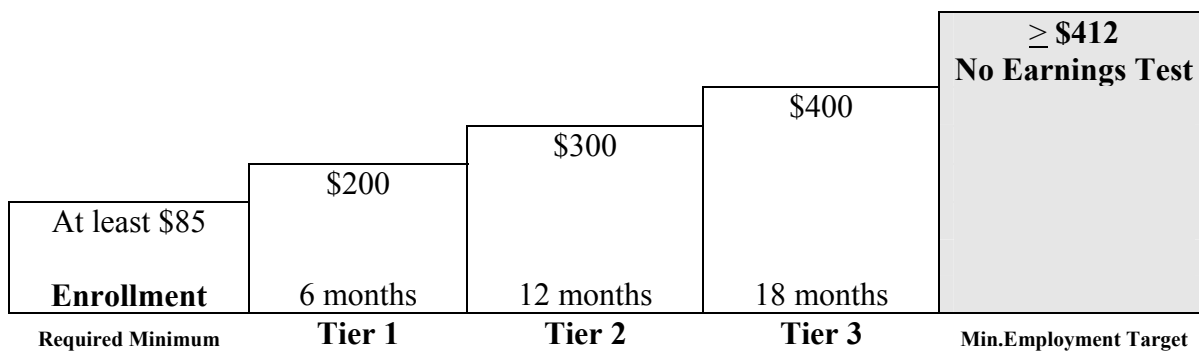
self-employed individuals as well, though the determination may need to encompass more than a one-month period because of fluctuations commonly associated with self-employment. Not everyone who wants to join the workforce will be able to begin or sustain employment at his or her fullest capability. The \$85 minimum will allow participants to demonstrate that they are serious about employment and are not seeking to participate with the waiver solely as a method to gain access to Medicaid benefits.

The proposal includes an additional provision of a tiered employment requirement whereby persons coming into the program who are attaining only a nominal level of employment will be expected to incrementally increase their earned income over time. Experience reported by some existing MBI programs indicate that large numbers of participants enter the programs with minimal earnings to acquire Medicaid coverage and have little incentive to pursue higher income. A recent United States General Accounting Office report included the average monthly income for MBI participants in several states, which showed that a large majority of participants had low monthly earnings<sup>9</sup>. It notes that in Connecticut, 23% of MBI participants earned less than \$200 and another 41% below \$600. In Minnesota, 36% of participants earned less than \$200 with an additional 41% earning less than \$600. Virginia's 1115 waiver will encourage individuals to increase earnings in order to retain program coverage and this tiered approach will allow participants to build up, or ramp-up, their capacity for work toward achieving their earnings potential. The tiered employment requirement will apply to all Buy-In participants with gross earnings less than an established minimum employment target which will be equivalent to working half-time at the Federal minimum wage rate (i.e., 80 hours/month X \$5.15/hour = \$412.00 in 2003). This provision shall apply to all eligible Buy-In participants unless an individual with a disability has reached maximum employment potential due to a medical condition or has experienced an unavoidable employment interruption (e.g., illness, job loss) that affects his/her ability to earn.

In order to implement the tiered employment requirement in a fair and objective manner, individuals who are found to have earnings below the minimum employment target will have to meet with one of the program's employment supports coordinators or case managers (as discussed in Section I.A.) at the point of entry into the program when the participants take part in their initial personal interview (as discussed later in this section). At the subsequent meeting with the employment supports coordinator or case manager, the MBI representative will determine if: (1) unique circumstances appear that affect the individual's ability to reach the minimum employment target, (2) if any employment assistance is needed or would enhance the individual's ability to reach the target, and (3) what the tiered incremental steps (earnings increases) would be for that individual to reach the minimum employment target. These personalized determinations will vary per person based a number of factors, including type of work, existing job's capacity (or lack of) for expansion (hours/days), and disability-related constraints affecting job growth. The incremental steps for the tiered employment requirement will be determined based on whether it is a reasonable expectation for that individual. An illustration of the tiered employment requirement follows:

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<sup>9</sup> United States General Accounting Office. Report to Congressional Committees. "Medicaid and Ticket to Work: States' Early Efforts to Cover Working Individuals with Disabilities." June 2003. Page 31.



As illustrated above, an individual enrolling in the MBI program with the minimum earnings requirement of \$85 may be expected to reach the first tier of employment, \$200, within six months of enrollment. The individual will then be required to step up to the next tiers within the allotted amount of time until they reach the minimum employment target, which in 2003 is approximately \$400 of gross monthly earnings. As long as the participant has earnings equal to or greater than the minimum employment target of \$412 (2003), there will be no earnings test.

The success in attaining the next tier toward the minimum earnings requirement will be determined at the individual's six-month interview, as established upon acceptance into the program. All waiver enrollees will participate in the interview unless they have made a prior arrangement with their employment supports coordinator/case manager. In these special situations, the employment supports coordinator/case manager will facilitate the semi-annual interview because they may be able to add details about the enrollee that explain the inability of the enrollee to achieve the targeted employment tiers. These enrollees will not be penalized if an MBI representative documents these mitigating factors. Should any other individual fall short of the predetermined earnings increase, the interviewer shall re-refer the individual to the employment supports coordinator/case manager for reevaluation and consideration of mitigating circumstances affecting their ability to reach the next tier of employment. Input from the MBI participant is paramount in the reconsideration of the tiered employment requirements.

As previously referenced, the Virginia 1115 project will also be different than Medicaid Buy-In plans that currently exist in other states because the Virginia project will be limited to 200 participants and will require semi-annual interviews with a project representative. All participants will agree to be interviewed about the program, the individual's employment progress, challenges to maintaining employment and health, recommendations for the program and other related topics. To aid in employment challenges resulting from health issues or inadequate employment skills, the interviewer will be able to refer all participants to case management services and comprehensive employment services available through DRS. Thus, the waiver will provide increased access to Medicaid, a process to query enrollees on their progress and challenges towards increasing employment, and enrollees will be provided access to services that can assist with gaining additional medical care and employment supports.

Many states have implemented Medicaid Buy-In plans under BBA or TWWIIA and have recorded participation, cost, and earnings data. The data are very important to determining the enrollment and fiscal impact to a state, but this information fails to explain personal employment motivation for an individual with disabilities. One can hypothesize that an individual is medically unable to work more hours in a given month or that a person is unwilling to cross the cash cliff of SGA because that individual may lose hard fought federal and State entitlements, but there has been little research into these personal motivations. This research project will track all participating individuals with disabilities from their application to participate in the project through their progress toward more independence. This research will allow Virginia to determine if personal or general program adjustments encourage individuals to increase employment, increase earnings, relieve the fear of losing unearned income, and encourage individuals to seek employer-sponsored health insurance.

Virginia will provide longitudinal outcome data that includes a qualitative and quantitative analysis of each participant's experience in the plan and 200 individuals is a manageable sample size. The study will allow a project representative to communicate with every participant and determine their employment progress. This contact will also allow the plan representative to determine if the participant needs additional resources, such as case management, employment supports, or PAS, and supply access to needed services. Analysis of these interviews will enable Virginia to determine if changes can be made to an MBI plan that will encourage attainment of full-time employment (or to the fullest extent possible) and provide significant incentive to leave SSI/SSDI status and their associated entitlements.

The Department of Rehabilitative Services (DRS) will coordinate comprehensive employment support services and intensive case management components of the waiver project that will make available a broad array of services to assist participants in their pursuit of gainful employment. The limited number of participants in the program will, again, enable DMAS to track service utilization and collect information regarding what types of assistance and intensity of assistance are important in making a difference in succeeding in reaching employment goals. Further discussion of the services available under this provision is included under Benefit Package in Section II of this document.

The Virginia 1115 project is expected to quickly enroll 200 participants so DMAS can begin accumulating data. To this end, DMAS proposes to limit waiver participation to individuals with disabilities that live and work in a specific geographic area such as Northern Virginia. DMAS currently has one active project that is operating in Northern Virginia and the waiver would use many of the same resources. The current project is a partnership with the OneSource Capacity Building Team of the Northern Virginia Workforce Investment Board addressing systemic problems resulting in under-utilization of the work incentive available under Section 1619(b) of the Social Security Act. With the cooperation of the Social Security Administration and the Virginia DSS, the 1619(b) Pilot has focused on: (1) retraining and educating the Northern Virginia staffs of SSA and DSS; (2) training the benefits professionals and consumer advocates who assist individuals with disabilities; and (3) informing consumers of the work incentive. The



1115 waiver would use many of these same resources to disseminate information, train personnel, and initiate the enrollment process allowing individuals to participate in the waiver.

**C. Describe the ongoing process through which consumers, advocacy groups, and providers have an opportunity to participate in the development of the waiver program.**

The development of the waiver demonstration project has the involvement of potential participants, advocacy groups, government representatives that provide services to individuals with disabilities, potential employers, and non-profit companies that provide associated services. Many of these entities have had input into the waiver components through subcommittees of the Advisory Committee that participate with Virginia's Medicaid Infrastructure Grant. One subcommittee has been instrumental in describing the services that individuals with disabilities need to facilitate employment. The Advisory Committee also has two other subcommittees that will be active in promoting participation in the project and recommending improvements to the program. DMAS will use the input from the Advisory Committee to construct the initial framework for participation in the waiver and to assist in the education of potential consumers, employers, and support organizations. In addition, these subcommittees and their participants, who represent agencies and advocates for individuals with disabilities, will participate in outreach to prospective participants and employers.

DMAS will continue to work with and provide updates to the Advisory Committee once the waiver has been implemented. These meetings will provide an opportunity for the Advisory members to suggest changes to the demonstration program or raise any concerns regarding implications of program outcomes.

Direct consumer involvement and feedback will be assured through MBI participation agreement in the waiver that have an initial interview and semi-annual interviews thereafter. The purpose of these interviews is to gather specific information that qualifies participants' motivations, intentions, and barriers to seeking to increase employment in a competitive setting. These interviews will provide access to participants to express needs and concerns about their specific situation and to request additional help from someone in the community or request a change in the waiver procedures. The participant will always be able to contact their waiver interview representative.

Case management will also be available to all participants. DMAS intends to encourage increased employment and case management may help facilitate access to health services or employment supports for the individual. Participants will be able to ask questions through case management or relay concerns about their progress to program representatives.

DMAS currently has a website<sup>10</sup> dedicated to providing information about the MBI project and activities undertaken through its Medicaid Infrastructure Grant. This website will add specific information that describes the demonstration project, how to apply, and how to ask questions and receive answers about the program.

**D. Describe efforts of the State to ensure that the demonstration will not discriminate on the basis of race, color, national origin, disability, or age.**

The Virginia Medical Assistance Program Participation Agreement requires providers to deliver services to all Medicaid recipients without regard to age, sex, race, color, religion, national origin, or type of illness or condition. In accordance with the terms of Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. §794,) it further stipulates that no handicapped individual shall, solely by reason of his handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination in the Virginia Medical Assistance Program. The Virginia Department of Social Services, responsible for Medicaid eligibility/enrollment, is similarly committed to providing benefits and services without discrimination.

The demonstration program will be available to the first 200 individuals that qualify for the program in one region of the Commonwealth, such as Northern Virginia. In the future, the DMAS plans to use the information garnered from this demonstration to create an effective Medicaid Buy-In that promotes employment to Virginians with disabilities in the most efficient manner and to the largest number of interested individuals. This future MBI will use TWWIA guidelines which restrict participation to individuals between the ages of 16 through 64. Therefore, the demonstration project will restrict participation to individuals between the ages of 16 through 64. This age requirement will ensure that all participation data is comparable to a future MBI population. In addition, DMAS will restrict participation to individuals that are or can be classified by SSA as having a disability and who are competitively employed. The other qualifying conditions will involve asset and resource levels to determine the individual is within acceptable economic parameters.

**II. Benefit Package**

**A. Describe the benefit package which will be offered to those individuals participating in the demonstration. If the benefit package offered is different from that under the Medicaid State Plan, then describe the services covered under the demonstration, including general service categories and the specific services included therein. Clearly distinguish among medical services, pharmaceuticals, and social support services. Each of these services should be explicitly accounted for in budget neutrality calculations.**

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<sup>10</sup> <http://www.dmas.state.va.us/mb-home.htm>

The benefit package that will be offered to the demonstration participants will be the same comprehensive benefit package that is offered to any individual that qualifies for Medicaid in Virginia. This benefit plan will be the State's Fee-For-Service plan, which does not require enrollment in a Managed Care Organization (MCO). The demonstration project will not restrict any benefits and will actually offer more services than the Virginia Medicaid Managed Care plans. These additional services will include access to personal assistant services (PAS) in the workplace and in the home.

PAS will be an additional Medicaid covered service through the MBI waiver and will be available to all waiver participants who demonstrate need for assistance with activities of daily living in the home and/or the workplace. The existing process/systems used in making PAS determinations under HCBS waivers will also be utilized for the MBI program.

Though not covered services through the Medicaid benefit package, the MBI waiver proposal is intended to provide comprehensive employment supports and intensive case management services sufficient to benefit the individual in terms of achieving his or her established employment goal. At this time, it is expected that DRS will provide comprehensive employment support services and intensive case management, as necessary, if individuals are qualified as SSI or SSDI and so will not be included in budget neutrality considerations.

The employment supports/case management components of the waiver project are expected to encompass a broad array of services blending traditional service coordination and employment supports models. Within this model, services may range from very minimal to those requiring significant involvement of DRS staff and/or other trained personnel depending upon the needs and expressed requests of the individual. One MBI waiver participant may simply need information and referral on availability of jobs and job accommodations, or have need for counsel to help solve job problems, assist with understanding job duties or in improving the quality and quantity of work. Other participants may need even more involvement by staff to assist with the facilitation of natural supports or special skills training, which may include direct contact with employers, coworkers, parents, and family members.

Ongoing support services could include monitoring at the work site and, based on an individualized assessment, providing or coordinating specific intensive services, at or away from the work site, needed to maintain employment stability. A case manager may find it necessary to meet with the employer to explain the individual's disability and assist with determining the need for job accommodations or recommending work-site modifications. Referrals to, and coordination with, community service, health or social service systems may also be essential, in addition to follow-up services such as regular contact with the individual, the employer, and the individual's representatives, if appropriate, in order to reinforce and stabilize the job placement. Working with the participant, the case manager will ensure that these new services are an enhancement to existing services and do not duplicate current efforts. The case manager will seek to gradually fade intensive services over time depending upon the on-going success of the

participant. Mechanisms will be put in place to ensure on-going follow up supports for re-initiation of intensive services, if needed, particularly as related to job retention issues.

**B. The benefits package offered under the demonstration must be comprehensive.**

As mentioned above, the benefit plan will be the same as the current Virginia Medicaid Fee-For-Service benefit plan which is comprehensive.

**III. Cost Sharing**

**A. If applicable, describe all relevant information about enrollee cost sharing (premiums, copayments, deductibles, etc.), including the individuals who will be required to participate in cost sharing, and the cost sharing amounts and frequency. Also describe how cost sharing will factor into budget neutrality calculations. Higher than nominal cost sharing is not permitted for Medicaid eligibles who are not part of a demonstration group.**

All participants must pay at minimum a \$25 monthly premium beginning with the first month of participation. Continued participation is contingent on the individual being employed and payment of the monthly premium. The monthly premium will increase as the participant increases their earnings. Premiums will increase incrementally to approximate 5% of an individual's countable income, which the Department of Social Services (DSS) determines using the SSI countable income methodology. In order to make the programs simpler to understand and administer, the premium structure will be on a sliding scale as follows:

	<b>Countable Income Per Month</b>			
	Less than \$700	\$700 - \$899	\$900 – \$1099	\$1100 and above
<b>Monthly Premium</b>	\$25.00	\$35.00	\$45.00	\$55.00

All participants will have to pay a co-payment when receiving medical services, which will be the same as the standard Virginia Medicaid co-payments. These co-payments are minimal and will allow for quicker implementation and less participant education because the majority of MBI participants will be current Medicaid beneficiaries will not need to learn about a new benefit package. The co-payment will allow the individual to accept ownership for their healthcare and contribute to its cost.

**B. Describe the safeguards in place to protect demonstration enrollees from being immediately disenrolled for failure to pay premiums.**

The purpose of this demonstration project is to encourage individuals with disabilities to increase their employment in a competitive setting. Participants will not be removed

from the demonstration as long as they remain employed and continue to pay the cost-share. However, some individuals may suffer a relapse in illness that prevents them from working or some individuals may lose their jobs due to market readjustments. These participants will not be automatically removed from the demonstration project and will continue to receive Medicaid under the demonstration waiver for up to six months.

This demonstration project is limited to 200 participants and DMAS will provide access to individuals that need Medicaid access and want to progressively increase their employment. In the event that a participant loses employment, the individual will be given six months to find qualifying employment and will continue to receive Medicaid benefits under the demonstration waiver. The project participant will be expected to continue to pay the minimum \$25 monthly premium if they have the resources. Participants will not be removed due to financial hardship and an inability to pay the monthly premium during this period of unemployment.

If, after six months of unemployment, the participant cannot find employment or if the individual's health prevents the individual from resuming employment, the case manager will expedite the individual's application to DSS for Medicaid reinstatement. Any individual that was participating on Medicaid prior to participating with the demonstration waiver will automatically have Medicaid benefits reinstated to them. Any individual that was previously not eligible for Virginia Medicaid will have to be assessed for Medicaid eligibility and will not automatically have Medicaid benefits assigned to them. Assets and resources accumulated during participation in the waiver and placed in approved accounts<sup>11</sup>, as designated in the MBI program, will not be counted against Medicaid eligibility limits. Reentry to the Medicaid program shall be expedited for those persons eligible for Medicaid under the provisions of the MBI program and MBI waiver participants shall not be penalized for participation in the program.

#### **IV. Program Infrastructure**

##### **A. Target Population**

**Describe the methodology for determining which individuals with disabilities would be eligible for the demonstration, including specific eligibility criteria and projections of how many eligible individuals will enroll.**

The demonstration project will target Virginians with disabilities who want to seek or increase their employment in a competitive environment, who are between the ages of 16 to 64, and who live in and work in one region of the Commonwealth, such as Northern Virginia<sup>12</sup>. Individuals must have a disability as defined by the Social Security

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<sup>11</sup> Internal Revenue Service (IRS) approved retirement accounts and medical savings accounts that are initiated after MBI enrollment.

<sup>12</sup> Northern Virginia consists of the counties of: Fairfax, Fauquier, Prince William and the cities of Fairfax, Falls Church, Manassas, and Manassas Park. Participants must live and work in the State of Virginia so that DMAS can access earnings information to help determine the effectiveness of the waiver project.

Administration. Current participation in the SSI or SSDI program will satisfy the condition for disability. Any other prospective participant without documentation of SSA disability will need to be evaluated by the Disability Determination Services (DDS) unit at DRS for this determination of disability.

The demonstration project's purpose is to increase competitive employment so project applicants will need to be employed. However, if an individual with a disability wants to participate in the program and there is an available waiver slot, the individual will need to provide proof that the individual has an offer of employment. If the individual has this offer of employment, the project will hold a slot for the individual and that individual will pay the \$25 premium and begin participation in the waiver upon employment.

DMAS anticipates that the demonstration project will reach full participation of 200 participants within the first year. The waiver will not target one specific disabled population. Program information will be available at numerous organizations that provide services to all Virginians with disabilities.

DMAS chose to limit waiver participation to one geographic region, such as Northern Virginia, because the number of participants will be relatively small (200) for a statewide rollout and the education/outreach will be quicker, less expensive and hopefully very effective if effort is concentrated in a smaller geographic area. The Northern Virginia area, for instance, currently has a well-developed network of providers, community services, advocacy groups, transportation, and communication systems that can efficiently implement a waiver demonstration project.

## **B. Outreach**

### **1. Describe the State's outreach principles and strategy for both potential enrollees and providers in the demonstration program.**

In the months prior to the implementation of the waiver demonstration project, literature will be created with input from members of the Medicaid Infrastructure Grant Advisory Committee that describes the program, potential participants, where to get additional information, and where to apply to participate in the project. This information will be provided to all relevant State agencies (e.g., DMAS, DRS, DSS, DMHMRSAS, VOPA), advocacy organizations (e.g., CILs, specific disability organizations), Employment Networks, disability service providers, and websites specifically designed for individuals with disabilities<sup>13</sup>.

It is expected that through this process, information will be developed to create a brochure that will be sent to all of the entities mentioned in the previous paragraph to

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<sup>13</sup> One such website is the HandiNet: a web-based tool that is dedicated to advancing the issues of the disability community, especially that of Virginia, through grass-roots activism, public education, and advocacy. This web-service is maintained by individuals with disabilities and broadcasts information statewide that impacts and assists the disability community.

educate Virginians with disabilities about the project, the entrance requirements, and the benefits of participation. The brochure will stress the ability of participants to increase their earned income and maintain access to Medicaid. This brochure will describe the initial and semi-annual interview process, its need, and its potential for creating a larger and more beneficial program in the future. The importance of benefit planning will be stressed to potential applicants prior to application or enrollment in the program and they will be encouraged to seek assistance from the BPAO's and like organizations. The brochure will also mention the availability of case management, comprehensive employment supports, and PAS as services that may facilitate individuals to seek competitive employment as part of the waiver participation. The Grant Advisory Committee has also recommended that waiver outreach efforts include inserting the brochure information in articles in consumer group and advocacy organization newsletters, direct mailings, conference presentations, and a media campaign with targeted news releases that can reach all potential participants.

The Grant Advisory Committee will seek input from the community on the most efficient mode to deliver program information to potential consumers. MBI program representatives will meet with community groups that represent individuals with disabilities to encourage MBI participation and support MBI participants. While some qualified individuals will quickly apply for the waiver, other potential participants may be reluctant to risk their current benefits and seek employment. For this reason, MBI representatives will need to be able to clearly explain and answer questions about the program. MBI representatives will answer these questions on an individual basis but they will also request speaking time at regularly scheduled meetings held by specific disability groups within the community. As the community becomes more familiar with the program, information will also reach individuals that may not have access to the initial brochures. The goal of this outreach will be to inform the community about the program, gain their support of the program, help with employment of participants, and encourage other qualified candidates to increase employment.

**2. Describe the State's methodology for ensuring that services are provided and outreach activities are done in a linguistically and culturally competent manner. Also describe how State outreach activities and services will be designed to reach individuals with disabilities, including sensory and physically impaired individuals.**

The Department of Medical Assistance Services promotes the delivery of services in a culturally competent manner to all enrollees including those with limited English proficiency and diverse cultural and ethnic backgrounds. DMAS ensures that documents for its membership, such as the enrollee handbook, are comprehensive yet written to comply with readability requirements. Program information documents typically have a Flesch total readability score of forty (40) or better (at or below a 12<sup>th</sup> grade educational level). Additionally, written membership material is available in alternative formats and in an appropriate manner that takes into consideration the special needs of those who, for example, are visually limited. [42CFR438.10(d)(1)(ii)]

The MIG Advisory Subcommittee on communication and education has been developing methods of community outreach for a Medicaid Buy-In program. This subcommittee is composed of individuals representing a broad range of disabilities who will ensure that outreach is provided in a format that reaches physically, mentally and sensory impaired individuals. Input from these subcommittee representatives will be important in determining if outreach is effective and able to be modified to fully convey its message to the largest number of potential participants. To ensure that the outreach is effective, the group will analyze its efforts by soliciting feedback from other individuals with disabilities, benefit specialists, and employers within the community on how to improve their education of potential participants. The subcommittee will then use these recommendations to adjust its outreach efforts so that more individuals receive program information and are able to increase their employment through the MBI program.

**C. Describe how beneficiary choice of providers will be maintained.**

The waiver demonstration project participants will be enrolled in Virginia's Fee-For-Service Medicaid plan. This plan allows any beneficiary to seek services from any Medicaid contracted provider in the Commonwealth. Participants will not have to participate in either managed care program, MEDALLION (Primary Care Case Management) or Medallion II (Health Maintenance Organization).

**D. Describe the process through which demonstration applicants will enroll in the demonstration, including how individuals will then connect with providers.**

To apply for the Medicaid Buy-In, potential participants will utilize the present system for applying for Medicaid benefits. Each potential participant will need to contact the Department of Social Services (DSS) in the city or county of residence. A face-to-face interview will not be required for the MBI application but DMAS may encourage a face-to-face interview so DSS can answer questions. The applicant will need to:

1. Provide a valid Social Security number.
2. Confirm he/she is a Virginia resident.
3. Confirm U.S. citizenship or provide documentation of alien status.
4. Verify income and resources.

The applicant will be provided with information about the MBI program that describes the purpose of the program/research, the procedures to be used, the types of data to be collected, the benefits and risks of participation, how confidentiality will be maintained, and that waiver participation requires semi-annual interviews for research purposes. Once a completed application is received, DSS staff will determine whether the applicant meets MBI plan eligibility and whether resources and income are within required limits. An eligibility decision will be made on the MBI application with 45 days, or 90 days if the applicant needs to acquire disability determination. The local DSS office will then



send a written notice that the application has been either approved or denied. Approved applicants will also be provided with information about the initial MBI interview. Any denied application can begin the appeal process that is documented later in this document.

**E. Describe the process through which the State will ensure that individuals who are applying for the demonstration are screened for Medicaid eligibility, and if found eligible for Medicaid, enrolled in the Medicaid program.**

The purpose of the demonstration project is to extend Medicaid coverage to individuals with disabilities who want to become employed or increase their employment but would not qualify for Virginia Medicaid benefits because of earnings. Any individual that comes to DSS to apply for the program and learns that he/she already qualifies for Medicaid will be enrolled in Medicaid unless they have documentation from an employer confirming future higher income that would disqualify the individual for Medicaid. Otherwise, that individual will be enrolled in the waiver demonstration project if there is an available opening.

**F. The State should provide a definition of case management/care coordination and describe any case management programs or care coordination programs, which will be used to coordinate beneficiary care under the program.**

Case Management ensures the development, coordination, implementation, monitoring, and modification of the individual service plan, which may include the following:

- ☐ Linking the individual with appropriate community resources supports
- ☐ Assessing and planning services
- ☐ Assisting the recipient directly for the purpose of developing or obtaining needed resources
- ☐ Coordinating services and treatment planning with other agencies and providers
- ☐ Monitoring service delivery and quality of care
- ☐ Enhancing community integration

In addition to these traditional case management activities provided by the Department of Rehabilitative Services (DRS), the DRS enhanced case management model will provide focus on: assessment of employment skills, job opportunities and interests, assistive technology needed to increase work options, accommodations needed for specific jobs, identification of employment supports and interventions, and on-going monitoring systems suited to individual work sites.

**G. Describe the process for sharing or transferring patient information regarding beneficiary care while protecting confidentiality.**

It is the policy of the Virginia DMAS to provide all DMAS beneficiaries with a privacy notice that explains how health care information is being used or disclosed. DMAS is required to maintain the privacy of this information and provide a notice of duties and privacy practices. This Notice of Privacy Practice<sup>14</sup> describes how DMAS may use and disclose protected health information to carry out treatment, payment or health care operations and for other purposes that are permitted or required by State or federal law. Additionally, the Notice of Privacy Practice describes the beneficiary's rights to access and control protected information.

The Notice of Privacy Practices has four major components that describe beneficiary's rights as they relate to:

- 1) Uses and disclosures of protected health information
- 2) Rights
- 3) Complaints
- 4) Other uses of medical information

All MBI waiver participants will receive this document when they enroll in the MBI program.

The waiver project will gain important information about participants' use of healthcare services, work trends, earnings, and associated financial data. This information will be used within DMAS for reports and analysis, but individual beneficiary information will never be released to the public. Beneficiary medical information will remain confidential and will only be released to healthcare professionals that need specific information to provide Medicaid related services.

## **V. Budget Neutrality**

**A. Fully describe the development of the proposed budget neutrality calculation. Be specific regarding the process to calculate with and without waiver costs, data sources for each calculation/estimate, and the type of budget neutrality cap limitation proposed (aggregate or per capita cost limit). Include the following data:**

Virginia analyzed average per member per month cost for the disabled population that is currently enrolled in the eligibility category for disabled recipients under 80% of the federal poverty level. In state fiscal year 2003 there were approximately 5,777 average monthly enrollees in this eligibility category. A small portion of these enrollees were receiving long term care services, either in long term care facilities or community based care waivers. Excluding the long term care population leaves 5,107 average monthly enrollees. Total expenditures for the non-long term care population in FY 2003 was \$43,681,368. This results in an average annual cost per enrollee of \$8,554. This average cost was in line with average cost data Virginia has received from other states concerning their Medicaid buy-in programs. Growing this average cost by 16% for two years of

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<sup>14</sup> For a copy of the entire Notice of Privacy Practices, please see:  
[http://www.dmas.state.va.us/downloads/pdfs/hpa-privacy\\_practices.pdf](http://www.dmas.state.va.us/downloads/pdfs/hpa-privacy_practices.pdf)

growth (from state FY 2003 to state FY 2005) results in results in an average cost per enrollee of \$9,922. The assumption of 8% annual growth (or 16% over two years) is a conservative growth estimate based on recent trends in per capita expenditures. A private actuarial firm that Virginia contracts with to assist in setting managed care capitation rates has consistently quoted trends in per member per month costs in the range of 10 to 12 percent annually.

Multiplying the \$9,922 times the 200 waiver slots results in estimated expenditures for State Plan services of \$1,984,507.

In addition to state plan services, individuals on the waiver will be eligible to receive personal assistance services. Based on experience from DMAS' community based care waivers it is estimated that approximately 6% of the waiver population will utilize this service (12 recipients) at a cost of approximately \$10,000 per recipient. This results in an additional cost of approximately \$120,000, resulting in total medical cost for the waiver of \$2,104,507. The waiver cost will be reduced somewhat by premium collections of an estimated \$72,000, resulting in net medical expenditures of \$2,032,507 total funds (approximately \$1,016,253 federal funds). Virginia proposes that the waiver would have an aggregate cap of \$2,032,507 for the program. The table below shows projected waiver expenditures by year for the next 4 years. The acute care per capita expenditures are expected to grow by 8% annually.

	<u>Acute Care Expenditures</u>	<u>Personal Assistance Services</u>	<u>Premium Collections</u>	<u>Net Medical Waiver Expenditures</u>
FY 2005	\$1,984,507	\$120,000	(\$72,000)	\$2,032,507
FY 2006	\$2,143,268	\$120,000	(\$72,000)	\$2,191,268
FY 2007	\$2,314,729	\$120,000	(\$72,000)	\$2,362,729
FY 2008	\$2,499,907	\$120,000	(\$72,000)	\$2,547,907
FY 2009	\$2,699,900	\$120,000	(\$72,000)	\$2,747,900

#### **1. Historical per person costs for all individuals with disabilities enrolled in Medicaid.**

The cost per person for Virginia's Medicaid eligible who are disabled varies greatly depending on if they are in the long term care population (in an facility or community based care waiver) or if they are in the general Medicaid program as well as whether or not the recipient is eligible for Medicare as well as Medicaid. The average cost per average monthly eligible for all disabled recipients in state fiscal year 2002 (July 1, 2001 through June 30, 2002) was \$10,979 per eligible, up from \$10,738 in FY 2001 and \$9,745 in FY 2000. The table below summarizes historical expenditures in Virginia's Medicaid program for the disabled population.

	<u>Average Monthly Disabled Enrollees</u>	<u>Total Expenditures Disabled Pop</u>	<u>Cost Per Avg. Monthly Enrollee</u>	<u>Avg. Monthly Disabled Non LTC Enrollees</u>	<u>Total Expenditures Non LTC Enrollees</u>	<u>Cost Per Avg. Monthly Non LTC Enrollees</u>
FY 1999	113,032	\$1,003,449,298	\$8,878	75,562	\$463,616,059	\$6,136
FY 2000	116,578	\$1,132,326,377	\$9,713	75,823	\$515,006,371	\$6,792
FY 2001	118,229	\$1,261,261,327	\$10,668	75,627	\$581,525,524	\$7,689
FY 2002	121,660	\$1,326,532,697	\$10,904	78,598	\$610,431,172	\$7,766
FY 2003	125,297	\$1,449,590,830	\$11,569	81,708	\$732,977,042	\$8,971

**2. Historical per person costs broken out by each individual service or by a reasonable aggregation of services.**

As mentioned above, estimated expenditures for personal assistance services is estimated to be at \$120,000, with expenditures for acute care services estimated at \$1,984,507. A projection of cost by service provider (i.e., hospital, pharmacy, practitioner) can be developed if necessary.

**3. The percentage of people in the State living with Disabilities who are currently on the State's Medicaid program.**

Approximately 20% of all Virginians with disabilities are in the State's Medicaid program. According to available data, Virginia ranks 10<sup>th</sup> among the States in coverage of this population.<sup>15</sup>

**B. Describe the State's ability to monitor and report cost information relevant for determining budget neutrality.**

Virginia will identify all Buy-In recipients with a unique eligibility designation code. This will enable DMAS to easily identify and report all medical expenditures processed through the MMIS for these individuals.

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<sup>15</sup> From a presentation by Center for Health Policy & Research, UMASS Medical School  
Source: Center for Medicare and Medicaid Services – MSIS Statistical Reports, FY 2001  
Data for AL, HI, ME, ND, OR, PA, RI, and WA were not available.

### C. Additional budget neutrality considerations.

The working individuals with disabilities who are to be covered under Virginia's 1115 waiver are expected to be less costly on average for utilization of health care services than those same persons would be in the regular Virginia Medicaid population. This supposition is part of a hypothesis to be tested as part of the research and demonstration project. In support of this lower cost projection, DMAS has acquired data analyses from two States with significant experience in operating a Medicaid Buy-In (MBI) program, which demonstrate that individuals incur fewer health care costs under the MBI than individuals with disabilities covered by regular Medicaid. Both States have large MBI populations (6,000+) and several years of claims history to lend credence to these findings.

In Minnesota, it was found that both inpatient hospital stays and emergency room visits were significantly reduced for MBI participants in the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program. The hospitalization rate was 23.4 inpatient stays per 1,000 eligible months for MBI participants<sup>16</sup> when previously covered under the regular Medical Assistance for Disabled program. During MBI enrollment, the same group had a hospitalization rate of 15.6 inpatient stays per 1,000 eligible months. Similarly, the emergency department (ER) visit rate prior to initial MBI enrollment was 72.4 visits per 1,000 eligible months. After enrollment, the ER rate was 67.2 visits per 1,000 eligible months. When these factors are applied to Virginia's proposed waiver for 200 MBI participants, the combined annualized cost avoidance for reduced hospital stays<sup>17</sup> and reduced emergency department visits<sup>18</sup> are approximated at nearly \$70,000.

Massachusetts reported a 25% reduction in the per member per month cost of health care for its CommonHealth Working enrollees compared to MassHealth Standard Disabled recipients, which is equivalent to spending about \$200 less for each MBI participant than per regular Medicaid disabled recipient per month<sup>19</sup>. If it is assumed that similarly reduced expenditures would also occur in Virginia's proposed MBI waiver program, applying the same reduction in the per member per month cost for health care to the projected average cost per MBI waiver enrollee yields a similar result.<sup>20</sup> Thus, the non-expended \$200 per member per month in the first year of the proposed MBI waiver

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<sup>16</sup> Evaluation group of 700 randomly selected MBI enrollees with at least 25 consecutive months of MBI eligibility during the time period of June 1999 through August 2002 (from a report by MN Department of Human Services, 15 Oct 03)

<sup>17</sup> 2400 member months (200 MBI enrollees X 12 mo.) times the difference between the Medicaid hospitalization rate and MBI hospitalization rate ( $23.4 - 15.6 = 7.8/1000$  mo.) equals 18.72 fewer MBI hospitalizations, multiplied by the projected average cost per hospitalization of \$3,600 = \$67,392

<sup>18</sup> 2400 member months (200 MBI enrollees X 12 mo.) times the difference between the Medicaid ER rate and MBI ER rate ( $72.4 - 67.2 = 5.2/1000$  mo.) equals 12.48 fewer MBI ER visits, multiplied by the projected average cost per ER visit of \$190 = \$2,371

<sup>19</sup> While in SD (Medicaid), total cost = \$4,861,631, PMPM = \$794; while in Buy-In, total cost = \$3,627,143, PMPM = \$595 (from a presentation by Center for Health Policy & Research, UMASS Medical School)

<sup>20</sup> As described in Section I. A, the projected average cost per MBI enrollee is \$9,922. Applying the same reduction (25%) in the per member per month cost for health care equals \$7,442 with the difference in PMPM equaling \$206.66.

program yields reduced expenditures of \$480,000<sup>21</sup> for MBI participants versus the higher costs expected under regular Virginia Medicaid.

In addition to the lower utilization that is expected based on the above States experience, there are several other factors influencing program expenditures that will also positively impact the cost of care for future MBI waiver participants in Virginia. Based on the experience of other State MBI programs, it is expected that the majority of participants will have Medicare coverage and a small, but relevant number of enrollees will have other third party coverage, primarily employer-sponsored health care coverage. Minnesota has routinely reported that over 90% of MA-EPD enrollees have Medicare coverage and more than 11% have other third party liability coverage.<sup>22</sup> In various comparisons of its Buy-In and Medicaid disability enrollees, Massachusetts data shows a 14.4 % higher incidence of other coverage for Buy-In enrollees, approximately 6% Medicare and 8% commercial.<sup>23</sup> Thus, there is ample evidence to support the expectation of lower cost per Medicaid Buy-In enrollee on the basis of other coverage serving as primary payer in more cases than that of regular Medicaid enrollees.

## **VI. Quality and Evaluation**

### **A. Indicate how the State will manage quality assessment and performance improvement activities, especially for those measures specified in the Balanced Budget Act of 1997.**

Participants will be exempt from participation in any Virginia Medicaid Managed Care Organization. Demonstration participants will participate in Virginia Medicaid's Fee-For-Service product. Since BBA applies to a Managed Care Organizations (MCO) and Prepaid Inpatient Health Plans (PIHP) and not to Fee For Service health insurance, this section will not apply to the waiver demonstration project.

Virginia currently has two managed care programs to provide health care services to Medicaid recipients—MEDALLION and the Medallion II Managed Care Organization program. MEDALLION requires all participants to choose a primary care provider (PCP) to manage their healthcare. This PCP provides both primary health care services, provides referrals to other necessary health care providers, and monitors beneficiaries health. The Medallion II MCO is a health service organization that coordinates health care services through a network of providers that includes PCPs, specialists, hospitals, clinics, medical supply companies, transportation service providers, pharmacies, and other medical service providers. There are several Medallion II MCO choices throughout the Commonwealth and each requires that the Medicaid recipient choose a network PCP to manage their healthcare needs.

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<sup>21</sup> \$200 per member per month times the 2400 member months (200 MBI enrollees X 12 mo.) = \$480,000

<sup>22</sup> Medical Assistance for Employed Persons with Disabilities (MA-EPD) Quarterly Data Reports: MA-EPD at a Glance [http://www.dhs.state.mn.us/Contcare/disability/maepd\\_statistics.htm](http://www.dhs.state.mn.us/Contcare/disability/maepd_statistics.htm)

<sup>23</sup> MA Eligibility data FY 99-03; Data source: UBER data warehouse (from a presentation by Center for Health Policy & Research, UMASS Medical School)

MEDALLION and Medallion II provides medical services to more than half of Virginia's Medicaid recipients but the 1115 waiver participants will be excluded from both of these plans. Virginia also excludes other Medicaid beneficiaries from enrolling with MEDALLION or Medallion II and DSS will include the 1115 participants on this list. Some currently excluded populations include: beneficiaries with current Medicare coverage; beneficiaries with other healthcare insurance; nursing facility residents; Intermediate Care Facility for Mentally Retarded (ICF/MR) residents; home and community-based waiver participants; State Title XXI SCHIP recipients; retroactive eligibility recipients; and spend down cases.

**B. Describe the data the State will collect in order to systematically assess the quality of care provided to demonstration participants. Include specific details regarding participant surveys that will be conducted or other types of satisfaction data that will be collected.**

The Virginia research and demonstration project will use qualitative and quantitative data to measure if access to Medicaid benefits assists individuals with disabilities to engage in and/or expand active employment and whether there is improvement in physical and/or mental health. All participants will be expected to participate in an initial interview and subsequent semi-annual interviews with a project representative. The purpose of the interviews is to gather individual perspectives on what motivates someone with a disability to seek full employment, their perceived challenges and successes, and how the State can assist participants in gaining full employment and increased independence. A key section of the interview will ask about the quality of services provided to the individual. DMAS will encourage participants to increase earnings and, therefore, needs to know if they have problems with access to services, types of medical and employment services available, or quality of services. This information will be instrumental in making program adjustments. Results from these interviews will populate a report that will describe participant perceptions about their participation in the project.

As discussed earlier in this document, a broad range of comprehensive employment supports and intensive case management services will be available to assist participants in their pursuit of gainful employment. The direct involvement of supports personnel and case managers will provide further opportunity to gather feedback on quality of health care and other services received through the MBI project. The personnel involved will be responsible for assessing individual needs and providing referral to other services when necessary so they will be in position to inquire as to the adequacy of services. Whether at a required semi-annual interview or during periodic meetings with supports personnel or case manager, MBI participants will be encouraged to report on the quality of all services received through the waiver project and all shortcomings will be noted and forwarded to the waiver management team to take action on. Information and guidance on the formal complaint process will also be provided in these instances.

**C. Describe how the State will monitor the complaints, grievances and appeals process, including the content, organization, and frequency of any reports that the State collects, and how the State utilizes information provided by the reports.**

DMAS provides a process by which clients can appeal adverse decisions made by the department or its contractors. The basic function of the appeals process is to give clients an opportunity to be heard after adverse action has been proposed or taken. The end result is a written decision.

Client appeals involve issues regarding eligibility and medical services. If a person applies for the waiver research demonstration project and is determined to be ineligible, that person can request an appeal of eligibility determination. If a person already eligible for Medicaid or another program administered by DMAS is denied a request for a particular medical service or has benefits reduced or terminated, that person can request an appeal of the action taken.

There is one level of administrative appeal, which is an evidentiary hearing before a DMAS hearing officer. Client appeal decisions can be appealed to court for review of the record.

The first level of court review is circuit court review. There is then an automatic right to appeal to the Virginia Court of Appeals. The next level of court review is to the Virginia Supreme Court, but that review must be granted by petition and is not automatic.

Title 42 of the Code of Federal Regulations at Subpart E (§431.200 through 431.250) contains the federal requirements for fair hearings for applicants and recipients of Medicaid.

DMAS also has regulations addressing client appeals in the Virginia Administrative Code at 12 VAC 30-110-10 through 12 VAC 30-110-380.

Participants will also be encouraged to share complaints with their case manager (if applicable) and/or during their semi-annual interview. The project administrators will receive these complaints and they will attempt to resolve these issues. All complaints will be recorded in an annual report that analyzes participants' progress during the previous year.

Throughout this process, any individual can seek the services of the Virginia Office for Protection and Advocacy (VOPA)<sup>24</sup>. This independent state agency serves all Virginians with disabilities and offers access to advocacy groups and/or legal representation. All participants and/or individuals that have had a service denied to them can request support from VOPA to help file an appeal or seek other services within their community.

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<sup>24</sup> For more information about VOPA, see: <http://www.vopa.state.va.us>



**D. Describe the demonstration evaluation design, including items as: specific hypothesis that is being tested, the outcome measures that will be used in evaluating the impact of the demonstration, and data sources for assessing these outcomes.**

The goal of the demonstration project is to allow individuals with disabilities to begin or return to competitive employment, gradually build-up to full-employment (if necessary), gain access to employer-sponsored health care coverage and increase their independence. The proposed minimum, monthly earnings level of \$85 (2003) will enable individuals who are just starting to work to join the MBI program and ramp-up to a higher sustainable level of employment. The tiered employment requirement of the program will provide these individuals with accessible measures toward this goal. Data will be tracked on all individuals within the MBI project but some of the most useful data may come from these workers. Evaluation of the type of work, disability of the workers, level of incremental earnings increases and the kinds of employment supports provided to workers who have increased their earnings will hopefully illustrate a successful process for advancing employment potential. The extent to which this work incentive can assist and motivate individuals to increase their employment outcomes may demonstrate a new and effective model for encouraging workers with disabilities to succeed in the work place.

DMAS will determine if extended access to health insurance (Medicaid) allows individuals with disabilities the opportunity to reach full employment in a competitive environment, become eligible for employer-sponsored healthcare, and provide the individual with the independence to live without government monetary support. The most direct measurement of this goal will be to count how many waiver demonstration project participants leave the project due to increased income ( $>175\%$  FPL), enroll in employer-sponsored health insurance, and remain employed. The project will monitor these successful transitions through exit interviews which will also collect information about the strengths/weaknesses of the project and what can be added to the project that would allow Virginians with disabilities to more easily and more quickly attain the ability to leave the project as a result of full employment and increased earnings. This information will be extremely useful for accessing the overall effectiveness of the project but an extended period of data collection will be necessary to garner meaningful results. In the first three years following implementation, DMAS will need evaluation criteria to determine the project effectiveness for those individuals that do not or cannot attain full-employment. To this end, DMAS will look at four main sources of information: pre-waiver Medicaid utilization information, initial interview responses, semi-annual interview responses, and post-implementation utilization information.

The DMAS has historical utilization information for every Medicaid beneficiary and will access claims data for project participants that received Medicaid prior to participating with the waiver. This utilization information will be valuable in the first year of the project because DMAS will be able to compare pre and post-implementation utilization trends to determine if participants are using more/less services and the variety of services they need to maintain employment and health. Depending on the services used, DMAS

can provide streamlined access to these services or enhance these services to more efficiently serve current and future participants. These reports will show the associated costs of the services provided and if these costs decrease over time due to increased access to health care.

All participants will be required to submit to an initial interview by a MBI project representative. The purpose of this interview will be to gain general information about the individual to determine their type of disability, SSI/SSDI status, need for case management, need of personal assistant services (PAS), employer, type of employment, motivation for increased employment, other government and community supplied benefits, income, medical utilization, and expectations for the future. This information will serve as the baseline for determining progress towards full-employment and populate a demographic report about potential Medicaid Buy-In participants. DMAS will guarantee confidentiality to all information collected from participants.

Many other states currently have Medicaid Buy-In programs and they collect monthly and quarterly data about their participants. Virginia will gather this information, but Virginia will mandate that participants partake in semi-annual interviews. The project will only have 200 participants and it is DMAS' goal to provide qualitative information, gathered from every participant, on why they are participating in the program. DMAS does not anticipate that project participants will immediately achieve full-employment and become eligible for employer-sponsored health insurance, therefore, DMAS will need to continuously collect information on what participants want to gain from the project. Like the initial enrollment interview, the semi-annual interview will query participants about such issues as:

- ❑ income (earned and unearned), work hours/days and rate of pay,
- ❑ changes in employment (promotion, retention),
- ❑ use of and benefit from employment supports and case management services,
- ❑ what medical services they are accessing and what services would be helpful,
- ❑ if services from other public agencies would be helpful,
- ❑ if the individual has had reduction or loss of any government services due to employment,
- ❑ the challenges to increasing employment,
- ❑ whether employment sponsored health insurance is available,
- ❑ does the individual feel that physical and/or mental health has improved during employment.

All information through the interview process will remain confidential and reporting of data will be in the aggregate to negate identifiable personal information.

The fourth evaluation method will be to study the data collected by DMAS' business systems. This data will include medical utilization, premium collections, PAS utilization, enrollment/termination, and the fiscal impact on the State. The project will also access quarterly earnings information from the Virginia Employment Commission or the Social Security Administration to measure if participants are increasing their employment and

earnings. The Disability Commission expects to expand this project throughout the State eventually so other individuals with disabilities can gain more independence through employment. To expand the program, DMAS will need to demonstrate to the legislature that the project is effective in assisting participants to achieve increased employment, will lessen the reliance some individuals have on State and federal entitlements, and the plan is fiscally prudent for the State. The combination of the series of interviews, the collection of the utilization data, and the cost analysis will provide new information about the effectiveness of employment incentive programs and how to design the programs to best serve the greatest number of individuals with disabilities.